

Message Text

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FM SECSTATE WASHDC

TO ALL OECD CAPITALS PRIORITY

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FOLLOWING REPEAT OECD PARIS 10771 ACTION SECSTATE 03 MAY

QUOTE

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E.O. 11652: N/A

TAGS: EGEN OECD

SUBJECT: OECD CURRENT ACCOUNT STANDSTILL: REVISED

TEXT OF JOINT DECLARATION

1. SUMMARY. SECRETARIAT ISSUED LATE MAY 2 REVISED
DRAFT OF DECLARATION ON CURRENT ACCOUNT STANDSTILL IN
LIGHT OF XCSS DISCUSSION APRIL 23-24. FULL TEXT AT
PARA 3 BELOW. END SUMMARY.

2. DRAFT TEXT OF DECLARATION SUBSTANTIALLY REVISED IN
FOLLOWING WAY:

A) CONSIDERANDA SHORTENED TO TWO BRIEF PARAGRAPHS.

B) REST OF DECLARATION IN TWO MAIN SECTIONS INDICATING WHAT OECD COUNTRIES "AGREE" AND WHAT THEY "DECLARE". PARAGRAPHS INDICATING WHAT MEMBER COUNTRIES AGREE TO INCLUDE

I) CERTAIN PARTS OF ANALYSIS OF CURRENT SITUATION TO MEET POINT EMPHASIZED BY FRENCH DEL AT XCSS.

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II) PARAGRAPH RECOGNIZING FINANCING DIFFICULTIES

FOR PARTICULAR COUNTRIES AND AGREEING TO FULL COOPERATION TO INSURE ADEQUACY OF INTERNATIONAL BORROWING FACILITIES. THIS, PROBABLY MOST IMPORTANT ADDITION TO DRAFT DECLARATION, WAS DESIGNED TO ALLAY PREOCCUPATIONS OF ITALY, DENMARK, UK AND OTHERS WHOSE BOP POSITION AND PROSPECTS LESS PROMISING THAN THOSE OF OTHER MEMBER COUNTRIES.

III) PARAGRAPH UNDER WHICH MEMBER COUNTRIES AGREE ON RESPONSIBILITIES TO MAINTAIN REGULAR TRADE FLOWS BOTH AS IMPORTERS AND EXPORTERS PARAGRAPH DESIGNED TO RESPOND TO CANADIAN RELUCTANCE ABOUT EXPLICIT REFERENCE TO EXPORT CONTROLS.

C) PARAGRAPHS INDICATING WHAT MEMBER COUNTRIES DECLARE REVISED TO:

I) SUBSUME POINT ON EXPORT CREDITS UNDER MORE GENERAL PARAGRAPH REGARDING MEASURES TO STIMULATE CURRENT EXPORTS OR OTHER CURRENT ACCOUNT TRANSACTIONS ARTIFICIALLY. REVISION DESIGNED TO RESPOND TO JAPANESE CONCERN ABOUT SINGLING OUT EXPORT CREDITS IN SEPARATE SUB-PARAGRAPH.

II) PARAGRAPH "TO AVOID EXPORT RESTRICTIONS" DRAFTED IN BROADER TERMS TO AVOID DISRUPTING "REGULAR INTERNATIONAL TRADE FLOWS" AND "TO EXAMINE URGENTLY ISSUES CONCERNING EXPORT RESTRICTIONS".

III) PARAGRAPH ON CONSULTATIONS SHORTENED AND LIMITED IN PURPOSE "TO ASSURE PRESENT DECLARATION IS PROPERLY IMPLEMENTED".

IV) REFERENCE TO INFORMING OTHER COMPETENT INTERNATIONAL ORGANIZATIONS OF DECLARATION IS DELETED.

V) REFERENCE TO NON-DISCRIMINATION PRINCIPLE OF GATT IS SHORTENED SIMPLY "TO IMPLEMENT PRESENT DECLARATION IN ACCORDANCE WITH PRINCIPLES OF GATT".

3. TEXT OF REVISED DRAFT DECLARATION SET FORTH BELOW.
BEGIN TEXT.

GOVERNMENTS OF OECD MEMBER COUNTRIES,

CONSIDERING THAT THE RISE IN OIL PRICES IS AGGRAVATING THE ECONOMIC PROBLEMS CONFRONTING MEMBER COUNTRIES, AND NOTABLY THE PROBLEM OF INFLATION, AS WELL AS CAUSING ADDITIONAL STRUCTURAL PROBLEMS, AND THAT IT IS LIMITED OFFICIAL USE

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CREATING AN UNPRECEDENTED CHANGE IN THE STRUCTURE OF THE BALANCE OF PAYMENTS AND, IN PARTICULAR, A DETERIORATION OF CURRENT ACCOUNTS OF MEMBER COUNTRIES AS A WHOLE;

CONSIDERING THAT ALL MEMBER COUNTRIES ARE AFFECTED BY THESE DEVELOPMENTS THOUGH IN VARYING DEGREES;
AGREE:

THAT THE NATURE AND SIZE OF THE PROBLEMS FACING MEMBER COUNTRIES AS WELL AS A NUMBER OF DEVELOPING

COUNTRIES CALL FOR WIDE COOPERATIVE ACTION IN THE FIELDS OF ECONOMIC, TRADE, FINANCIAL, MONETARY, INVESTMENT AND DEVELOPMENT POLICIES;

THAT THE FINANCING OF INTERNATIONAL PAYMENTS DEFICITS MAY CONSTITUTE A PARTICULARLY DIFFICULT PROBLEM FOR SOME COUNTRIES AND THAT, ACCORDINGLY, MEMBER COUNTRIES WILL COOPERATE FULLY TO ENSURE THAT INTERNATIONAL BORROWING FACILITIES ARE ADEQUATE, BOTH BY ACTION TO ENCOURAGE THE MOVEMENT OF FUNDS THROUGH THE MARKETS TOWARD COUNTRIES WITH SPECIAL BORROWING NEEDS AND BY

ENSURING THAT OFFICIAL MEDIUM-TERM CREDIT FACILITIES ARE SUFFICIENT TO UNDERPIN THE FLOW OF FUNDS THROUGH THE MARKETS;

THAT UNILATERAL TRADE OR OTHER CURRENT ACCOUNT MEASURES BY ONE OR MORE MEMBER COUNTRIES TO DEAL WITH THIS SITUATION WOULD AGGRAVATE THE PROBLEMS OF OTHER MEMBER COUNTRIES AND, IF GENERALISED, WOULD BE SELF-DEFEATING AND HAVE A DEPRESSING EFFECT ON THE WORLD ECONOMY;

THAT COUNTRIES HAVE RESPONSIBILITIES TO MAINTAIN REGULAR TRADE FLOWS BOTH AS IMPORTERS AND EXPORTERS;

THAT IN THIS CONTEXT, AS A MATTER OF URGENCY AND WITHOUT PREJUDICE TO THE OUTCOME OF THE MONETARY AND TRADE NEGOTIATIONS, THERE IS THEREFORE A NEED FOR A JOINT UNDERTAKING HAVING AS ITS OBJECTIVE TO PREVENT UNILATERAL ACTION WHICH MAY HAVE A DETRIMENTAL IMPACT ON INTERNATIONAL TRADE RELATIONS;

DECLARE:

THAT THEY SHALL FOR A PERIOD UP TO THE MEETING OF THE COUNCIL AT MINISTERIAL LEVEL IN 1975,

(A) NOT HAVE RECOURSE TO UNILATERAL MEASURES, OF EITHER A GENERAL OR A SPECIFIC NATURE, TO RESTRICT LIMITED OFFICIAL USE

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PORTS OR TO SIMILAR MEASURES ON THE OTHER CURRENT ACCOUNT TRANSACTIONS, WHICH WOULD BE CONTRARY TO THE OBJECTIVES OF THE PRESENT DECLARATION;

(B) ABSTAIN FROM MEASURES TO STIMULATE EXPORTS OR OTHER CURRENT ACCOUNT TRANSACTIONS ARTIFICIALLY; AND, INTER ALIA, ABSTAIN FROM DESTRUCTIVE COMPETITION IN OFFICIAL SUPPORT OF EXPORT CREDIT AND AIM AT TAKING APPROPRIATE JOINT ACTION TO THIS EFFECT IN THE IMMEDIATE FUTURE;

(C) AVOID EXPORT RESTRICTIONS WHICH WOULD DISRUPT REGULAR INTERNATIONAL TRADE FLOWS AND EXAMINE URGENTLY THE ISSUES CONCERNING EXPORT RESTRICTIONS;

(D) CONSULT WITH EACH OTHER IN ORDER TO ASSURE THAT THE PRESENT DECLARATION IS PROPERLY IMPLEMENTED;

(E) IMPLEMENT THE PRESENT DECLARATION IN ACCORDANCE

WITH THE PRINCIPLES OF GATT.

4. DEPARTMENT REPEAT IF DESIRED.
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